



City of Berwyn Neighborhood Stabilization Program

FAQ's On Income Limits

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1. *Income limits have fallen in my area, but HUD's income limits have not, why did this happen?*

Beginning with FY 2010 Income Limits, HUD eliminated its long standing "hold harmless" policy. HUD's "hold harmless" policy maintained income limits for certain areas at previously published levels when reductions would otherwise have resulted from changes in median family income (MFI) estimates, housing cost adjustment data, MFI update methodology, income limit Methodology, or metropolitan area definitions. HUD eliminated the "hold harmless" policy to ensure better alignment between an area's most recent income experience and the income thresholds for housing assistance.

Furthermore, in an effort to minimize disruptions HUD instituted maximum thresholds for the amount income limits can change from year to year. The new policy limits annual increases in income limits to 5 percent or twice the change in the national median family income, whichever is greater. For areas where income limits are decreasing, HUD limits the decrease to no more than 5 percent per year.

2. *Given the recession that our area has experienced in recent years, why have income limits increased?*

Although HUD uses the most recent data available concerning local area incomes, there is still a lag between when the data is collected and when the data is available for use.

For example, FY 2012 Income Limits are calculated using 2005-2009 5 year American Community Survey (ACS) data. The effects of the latest recession on local area incomes are most likely to be detected in 2009, but this represents only 20 percent of the survey sample. In areas where there is sufficient sample for one-year update, the 2009 data does generally show a decline in incomes.

3. *Why does my very low income limit not equal 50% of my median family income (MFI) (or my low-income limit not equal 80% of my MFI)?*

There are many exceptions to the arithmetic calculation of income limits. These include adjustments for high housing cost relative to income, the application of state nonmetropolitan income limits in low-income areas, and national maximums in high-income areas. These exceptions are detailed in the FY 2012 Income Limits Briefing Material report, at the following site:

[http://www.huduser.org/portal/datasets/il/il12IncomeLimitsBriefingMaterial_FY12 .pdf](http://www.huduser.org/portal/datasets/il/il12IncomeLimitsBriefingMaterial_FY12.pdf)

please review this report and pay special attention to attachments 3 and 4 that list the exceptions for metropolitan areas. Please also note that Tables 1 and 2 (beginning on page 7) show that most nonmetropolitan area income limits are based on state nonmetropolitan area medians.



Robert J. Lovero, Mayor
Community Development Dept.
Email: NSPInfo@ci.berwyn.il.us
Info: www.berwyn-il.gov





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For further information on the exact adjustments made to any area of the country, please see our FY 2012 Income Limits Documentation System. The documentation system is available at:

http://www.huduser.org/portal/datasets/il/il12/index_il2012.html.

Once the area in question is selected, a summary of the area's MFI, Very Low-Income, Extremely Low-Income, and Low Income Limits are displayed. Detailed calculations are obtained by selecting the relevant links.

4. How does HUD calculate median family incomes?

To calculate the FY 2012 estimates, HUD incorporates 2005-2009 5 year ACS data. Specifically, for each metropolitan area, subarea of a metropolitan and non-metropolitan county, 5 year ACS data is used as the new basis for calculating MFI estimates. HUD is incorporating the 5-year data in this way to eliminate the reliance on the data collected during the 2000 Decennial Census as it is more than a decade old. In areas where there is a valid 1-year ACS survey MFI result, HUD endeavors to use this data as well to take advantage of more recent survey information. By using both the 5-year data and the 1-year data, where available, HUD is establishing a new basis for median family income estimates while also capturing the most recent information available.

This ACS data was also used for the FY 2011 MFI estimates. The FY 2012 MFI estimates vary from the FY 2011 MFI in that HUD uses an additional year of CPI and updated FY 2012 Fair Market Rents (FMRs) for high housing cost determinations. Area determinations. Area definitions were not changed.

For additional details concerning the use of the ACS in HUD's calculations of MFI, please see our FY 2012 Income Limits Briefing Materials, Attachment 2 at the following web address:

http://www.huduser.org/portal/datasets/il/il12/IncomeLimitsbriefingMaterial_FY12.pdf.

additionally, full documentation of all calculations for Median Family Income and Income Limits is available in our FY 2012 Income Limits Documentation System. This system is available at this web address: http://www.huduser.org/portal/datasets/il/il12/index_il2012.html.

5. Why do area definitions change for MFI and income limits?

HUD follows Office of Management and Budget (OMB) definitions of metropolitan areas with some exceptions. In 2006, when HUD implemented the widespread area definition changes OMB made base on the 2000 Decennial Census, exceptions were made to the new OMB area definitions when FMR or MFI changes for new areas were greater than five percent. HUD created exception subareas, called HUD Metro FMR Areas, which continue to exist today.



Robert J. Lovero, Mayor

Community Development Dept.

Email: NSPInfo@ci.berwyn.il.us

Info: www.berwyn-il.gov





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Since 2006, OMB updated its metropolitan area definitions based on updated population counts and updated commuting data collected by the Bureau of the Census. There have been no changes in area definitions since the FY 2010 Income Limits. For a complete description of the area definition of the area definitions used in the FY 2012 Income Limits, please review the Area definitions reports:

http://www.huduser.org/portal/datasets/il/il12/area_definitions.pdf.

6. What are the Income Limits in Berwyn?

Area Median Income (AMI) by family size.

Example: 5 Person Family, combined household income of \$63,000, is below the 80% AMI level.

AMI Percent	1 Person Family	2 Person Family	3 Person Family	4 Person Family	5 Person Family	6 Person Family	7 Person Family	8 Person Family
120%	\$61,920	\$70,680	\$79,560	\$88,320	\$95,400	\$102,480	\$109,560	\$116,640
100%	\$51,570	\$58,930	\$66,310	\$73,620	\$79,550	\$85,430	\$91,310	\$97,190
80%	\$41,250	\$47,150	\$53,050	\$58,900	\$63,650	\$68,350	\$73,050	\$77,750
50%	\$25,800	\$29,450	\$33,150	\$36,800	\$39,750	\$42,700	\$45,650	\$48,600



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